

CONSUMER ADVISORY

February 2013

By Attorney General Tom Miller

Paper or Plastic? Gift Certificates & Gift Cards

Whether you're giving or receiving, a gift card or gift certificate may be the key to a perfect gift. If you received one or plan to buy one as a gift, keep these tips in mind before heading to a merchant's cash register or website:

Options

- **Gift certificates** are issued by a merchant for goods or services with that merchant. They're generally issued on paper, as opposed to a card, and they entitle the recipient to goods or services;
- **Retail gift cards** can be used only with the issuing merchant;
- **Bank gift cards** are issued by a bank or financial institution (through the Visa, MasterCard, American Express, or Discover networks), and can be used wherever the network's credit cards or debit cards are accepted.

Retail Gift Cards

Retail gift cards must clearly disclose their expiration dates, and the card or packaging must clearly disclose any fees. You cannot be charged inactivity or service fees (for cards purchased after August 22, 2010) unless the card has not been used for at least a year, and then you can be charged only once per month. Cards cannot expire for at least five years from the purchase date, or from the last date any additional funds were added to the card (for cards purchased after August 22, 2010). If the expiration date listed on the card is earlier than these dates, the money can be transferred to a replacement card at no cost. You may be charged a fee to buy the card and to replace one that has been lost or stolen.

Buying a Gift Card

Buy from a trusted source. Be leery of cards from online gift card resellers, because they could have been already used, fraudulently obtained or may be counterfeit. Read the fine print and be aware of the fees, including any costs to purchase the card, and any shipping and handling fees if you order the card through a website or by phone. Know the expiration date. If you're buying the card as a gift, include the original receipt in case the card is lost or stolen. And make sure that the protective stickers have not been removed or scratched off to reveal a card's Personal Identification Number (PIN).

Using a Gift Card

Be sure you understand the terms, including any fees and the expiration date. Ask the person who gave it to you for the receipt in case you ever need a replacement card. Some retailers may not issue replacement cards, but others might with proof of purchase (they may charge a replacement fee).

We recommend that you use a gift card or certificate as soon as possible. You'll minimize the chances of losing it, the opportunities to incur fees, and you'll limit opportunities for someone who may have somehow obtained the card number.

Free Gift Card?

Be very wary of letters, emails or text messages claiming you won a gift card. If it's a letter, you may have to call a number to "activate" the card. Once you call, you may be required to provide personal information or pay a small "activation fee." You should not pay for something that's free, and you should not provide any personal information. If it's a text message or email, it likely asks you to click on a link. That link could infect your computer or cell phone with a virus.

Retail businesses can close without warning, leaving consumers with a worthless card or certificate. Keep that in mind when using gift certificates and gift cards.

To file a complaint or get more information, contact the Iowa Attorney General's Consumer Protection Division, Hoover Bldg., Des Moines, IA 50319. Call 515-281-5926, or (toll-free) 888-777-4590. The website is: www.iowaAttorneyGeneral.gov.